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35-077

OLL 85-0666/1
1 March 1985

1 - OLL file
1 - House Supvs
1 - Admin Budg Proposal
1 (full) - House Hearing file

MEMORANDUM FOR: See Distribution

VIA: Acting Chief, Liaison Division, OLL

STAT FROM: [redacted]
Liaison Division, OLL

SUBJECT: Retirement

SUPPLEMENTAL (New Employees)

1. The House may not draft a supplemental retirement plan to cover Federal employees hired 1 January 1984 and after. The House Post Office and Civil Service Committee staff is seriously considering the Senator Stevens retirement plan. Chances are that when that plan is passed by the Senate, the House Committee will hold mark up hearings.

2. By and large, the House staff supports the Stevens measure. Any changes that they would recommend would be to make the proposal more attractive to employees. For example, House staffers prefer to leave the age at 55, rather than Steven's plan to raise it to 62 with a 2 percent penalty for every year under 62, down to 55.

3. There are no changes in previous reports regarding the Stevens supplemental retirement proposal. The bill will soon be introduced, hearings will be held through March, and the Senator's staff predicts passage by the Senate during the summer.

4. According to press reports, the Administration plan for supplemental retirement is in the early drafting stages. It apparently would establish a defined contribution system, omit a defined benefit, and the full retirement age would be 65.

CURRENT CIVIL SERVICE SYSTEM

5. The Administration is planning to fight all the way for proposed changes in the existing Civil Service System. These changes are described in the attached statement of

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Donald J. Devine, Director, Office of Personnel Management, before the House hearing on 26 February 1985 (see OLL 85-0666).

6. The House Committee on Post Office and Civil Service is planning to recommend against all of the Administration's FY86 budget cuts that would affect Federal civilian employees. The Committee is especially intent on retaining the status quo with the existing retirement system at least until a supplemental plan is approved by Congress. A number of Committee Members advocate that the retirement rules for vested employees should never be changed.

7. The Post Office/Civil Service recommendations will go to the House Budget Committee for consideration. Two Members of the Budget Committee, Vic Fazio (D., CA) and Michael D. Barnes (D., MD) spoke forcefully against the Administration's proposals during the 26 February hearing. Their testimony is attached. Fazio and Barnes are co-chairmen of the Federal Government Services Task Force, a group concerned with proposing and monitoring legislation affecting Federal pensions and benefits.

STAT [redacted]

Attachments:
as stated

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